

Continuation of New Jersey State Health Benefits Program Insurance Under COBRA

State Health Benefits Program

WHAT IS COBRA?

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 requires that most employers sponsoring group health plans offer employees and their eligible dependents the opportunity to temporarily extend their group health coverage in certain instances where coverage under the plan would otherwise end. For State Health Benefits Program (SHBP) participants, COBRA is not a separate health program; it is a continuation of SHBP coverages under the provisions of the federal law.

WHO IS ELIGIBLE FOR COBRA?

Employees enrolled in SHBP may continue coverage under COBRA if coverage ends because of:

- Reduction in working hours;
- Leave of absence; or
- Termination of employment for reasons other than gross misconduct.

Spouses of employees enrolled in SHBP may continue coverage under COBRA if coverage ends because of:

- Death of the employee;
- End of the employee's coverage due to a reduction in working hours, leave of absence, or termination of employment for reasons other than gross misconduct;
- Divorce or legal separation of the employee and spouse; or
- Election of Medicare as the employee's primary insurance carrier (requires dropping the group coverage carried as an active employee).

Dependent children of employees in SHBP may continue coverage under COBRA if coverage ends because of:

- Loss of dependent child's eligibility through

independence, the attainment of age 23, or marriage;

- Death of the employee;
- End of the employee's coverage due to a reduction in working hours, leave of absence, or termination of employment for reasons other than gross misconduct; or
- Election of Medicare as the employee's primary insurance carrier (requires dropping the group coverage carried as an active employee).

HOW LONG WILL COBRA COVERAGE LAST?

The length of your COBRA coverage continuation depends on the nature of the COBRA qualifying event that entitled you to the coverage.

- For loss of coverage due to termination of employment, reduction of hours, or leave of absence, the employee and/or dependents are entitled to 18 months of COBRA coverage. Time on leave of absence just before enrollment in COBRA, unless under the federal and/or State Family Leave Act, counts toward the 18-month period and will be subtracted from the 18 months. Time a member spends on federal or State leave will not count as part of the COBRA eligibility period.
- If you receive a Social Security Administration disability determination for an illness or injury you had when you enrolled in COBRA or incurred within 60 days of enrollment, you and your covered dependents are entitled to an extra 11 months of coverage up to a maximum of 29 months of COBRA coverage. You must provide proof of the disability determination from the Social Security Administration before the end of your normal 18-month COBRA term to qualify for the extension.

- For loss of coverage due to the death of the employee, divorce or legal separation, dependent ineligibility, or Medicare entitlement, the continuation term for dependents is 36 months.

HOW MUCH WILL I PAY FOR COBRA?

The cost of your coverage under COBRA will amount to the full group rate plus a 2 percent administration fee. We will bill you on a monthly basis.

EMPLOYER/EMPLOYEE RESPONSIBILITIES

- **The employer** is responsible for notifying all newly hired employees and their dependents of the COBRA provisions by mailing a notification letter to their home.
- **The employee** is responsible for notifying the employer within 60 days of a COBRA qualifying event such as divorce, legal separation, or a child losing dependent status. If the employee does not inform the employer of the change in dependent status within the 60 days, the employee may forfeit the dependent's right to COBRA.
- **The employer** has the responsibility to notify the employee, the spouse and/or dependents of their rights to purchase continued health coverage within 14 days of receiving notice that there has been a COBRA qualifying event. An application form with instructions and a rate chart should be sent with the COBRA notice. The notice gives the date coverage will end and the period of time over which coverage may be extended.

ENROLLING FOR COBRA COVERAGE

- **The employee and/or the dependent seeking coverage is responsible** for submitting a properly completed New Jersey State Health Benefits COBRA application to the Health Benefits Bureau in the Division of Pensions and Benefits. This application must be filed within 60 days of the loss of coverage or of the date of employer notification, whichever is later. Failure to submit the application within

the time frame allowed by law is considered a decision not to enroll.

- You may elect to enroll in any or all of the coverages you had as an active employee or dependent (health, prescription, dental, and vision). You may change your health or dental plan when you enroll in COBRA. You may also elect to cover the same family members you had as an active employee, or you can reduce those covered.

AFTER YOU HAVE ENROLLED IN COBRA

You should be aware of the following information after you have enrolled in the State Health Benefits Program (SHBP) under COBRA:

- Bills will be sent from the Division of Pensions and Benefits SHBP. Any billing questions must be referred to the:

**COBRA Administrator
Division of Pensions and Benefits
Health Benefits Bureau
PO Box 299
Trenton, NJ 08625-0299**

or you may call **Client Services at (609) 292-7524.**

- You will be billed monthly. Accounts delinquent over 45 days will be closed and insurance coverage terminated. You will receive no notice of delinquency or termination. If you do not receive a monthly bill or misplace it, contact Client Services. **It is your responsibility to make payment on a timely basis.**
- **Once you are enrolled in COBRA, claims are handled just like active employee claims (i.e. using the same claim forms and procedures).** However, you must indicate your status as a COBRA participant on all claim forms to prevent claim problems. **Questions about claims should be directed to the insurance carriers. The single exception is that vision plan claims are sent directly to the COBRA Administrator at the address shown above.**
- Plan administration under COBRA follows the

same rules as for active employees. However, all activity is processed through the COBRA Administrator rather than the former employer. COBRA subscribers are permitted to change health plans and/or add coverage during the annual Open Enrollment period in September or October through the COBRA Administrator. All COBRA enrollees will receive Open Enrollment information mailed directly to their address on file with the SHBP.

- All changes in coverage due to a "qualifying event" (the birth of a child, a marriage, a divorce or a death, for example) must be made in writing to the COBRA Administrator at the address previously provided.

Upon receipt of your letter, you will be sent a COBRA change form. To increase coverage, you have 60 days from the date of the qualifying event to make the change. To change plans, because you have moved out of your plan's service area, you have 30 days to make the change. These changes must be requested within the specified time frames, otherwise they may only be made during the annual open enrollment period. You may decrease your coverage (that is, remove a dependent) at any time.

TERMINATION OF COBRA COVERAGE

Your COBRA benefits under the New Jersey State Health Benefits Program will terminate for any of the following reasons:

- Your employer (or former employer) no longer

provides New Jersey State Health Benefits Program coverage to any of its employees. In this case, your employer will give you the opportunity to continue coverage through their new insurance plan;

- You become covered under another group plan as either an employee or dependent (unless that plan has a pre-existing condition clause) after you elect COBRA coverage (see NOTE below);
- You become eligible for Medicare (affects health insurance coverage only, does not affect dental, prescription or vision care coverages) after you elect COBRA coverage;
- Your fail to pay your premiums; or
- Your eligible coverage continuation period ends.

If you need additional information about COBRA, please contact your benefits administrator or personnel director.

NOTE: If, after enrolling in COBRA you obtain new coverage which has a pre-existing condition clause, you may continue your COBRA enrollment and pay for coverage of the condition excluded by the pre-existing condition clause. To be eligible for the continued COBRA coverage you will have to provide information about the pre-existing condition clause to the COBRA administrator and **only the pre-existing condition will be covered**. You will be allowed to continue your COBRA coverage to its normal end date or when the pre-existing condition clause ends, whichever comes first.

This fact sheet has been produced and distributed by:

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